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Contributions of the United Nations Conference on Trade and Development to the Report of the Secretary General on the Implementation of the Third United Nations Decade for the Eradication of Poverty (2018-2027)

In 2022, UNCTAD carried out several research and capacity-building activities geared towards promoting sustained growth, reducing poverty, and fostering inclusive development in developing countries. The core activities carried out fall under the following four thematic policy areas that have consequences for poverty eradication:

Structural transformation

As part of the planned activities for the 12th tranche UN development account project on “coherent strategies for productive capacity development in African least developed countries,” UNCTAD organized national and regional workshops on developing productive capacities for poverty eradication. These workshops enhanced the capacities of policymakers and other local stakeholders in Burkina Faso, Rwanda, and Tanzania in creating and better utilizing productive capacities, which has been identified as the missing link between trade and poverty reduction in Africa and the LDCs. A national workshop on developing productive capacities in Burkina Faso from 8-9 June 2022. The workshop was attended by officials of various government departments in Burkina Faso as well as academics and representatives of the private sector, women associations, and regional and international organisations such as ECOWAS, UEMOA, UNIDO, UNECA, UNDP etc. The issues covered at the meeting included: the state of industrial development in the country; how to strengthen private sector development; integration of gender into the transformation agenda; improvement of infrastructure; and regional integration. Participants at the meeting found it very useful and 82 percent of the participants surveyed indicated that it improved their ability to formulate policies and strategies. Following the national workshop, the Minister of Industrial Development, Trade, Handicrafts and SMEs of Burkina Faso sent a letter of appreciation to UNCTAD in July 2022.

In addition to the national workshop, UNCTAD in collaboration with the Tanzania Ministry of Investment, Industry and Trade organized a regional workshop on “Coherent Strategies for Productive Capacities Development in African Least Developed Countries” from 12-13 October 2022 in Dar es Salaam, Tanzania. The regional workshop brought together officials from Burkina Faso, Rwanda and Tanzania, selected non-beneficiary African countries, representatives of the private sector, partner implementing agencies, and international experts to: Discuss challenges and opportunities associated with developing coherent strategies for productive capacities development; Identify recommendations on possible measures and options to address existing constraints on productive capacities development; Share best practices and experiences in formulating and implementing holistic and coherent approaches to productive capacities development amongst government officials and stakeholders; and Draw lessons for the three project beneficiary countries from the experiences of non-LDCs (least developed countries) in Africa as well as non-African countries that have successfully developed productive capacities. The workshop participants had a very high appreciation of the workshop and the presentations and most of the ratings provided were either very good or excellent.

UNCTAD prepared national productive capacities gap assessments (NPCGAs) for Angola, Zambia, Ethiopia, and Kenya, which provide the basis for holistic national programmes for the development of productive capacities. Furthermore, from May 2022-April 2023, UNCTAD trained national statistical and policy experts in Ethiopia, Kenya, Nigeria, and Zambia. Through the EU-UNCTAD Joint Programme for Angola, UNCTAD has also trained 875 Angolans (encompassing key actors in the public and private sectors, academia, and NGOs) in 2022 in different productive capacity and economic policy areas to holistically support the diversification of the economy and exports towards green sectors and move towards enhanced structural transformation. This was accompanied by the production of five research reports and guidebooks in the year, with concrete recommendations and guidance to improve policies and their implementation. The EU-UNCTAD joint programme has also helped to map the value chains of eight promising green products and support their development towards exportability in Angola.

Through the Economic Development in Africa Report 2022 entitled “Rethinking the Foundations of Export Diversification in Africa: the Catalytic Role of Business and Financial Services” UNCTAD contributed to dialogues on how to foster export diversification and transformation in Africa. In this report, UNCTAD emphasizes that neglecting the potentially transformative role of high knowledge-intensive services, such as ICT, business services and digital financial services, is among the key reasons why export diversification remains a challenge in Africa. The report further suggests that effectively addressing barriers to services trade under the African Continental Free Trade Area will be key to unleashing the transformative role of services in enhancing the diversity and complexity of African

economies. Following the launch of the report in July 2022, UNCTAD engaged with policy makers, researchers, and public and private sector actors in Africa through a series of events from September to December 2022. Among other things, the discussions in these events focused on innovative and sustainable pathways to promote export diversification and productive capacities in Africa through unlocking high-technology services including financial services.

UNCTAD prepared a report on industry 4.0 focusing on automation and data-driven changes in manufacturing technologies and processes and the trend towards using smart factories, predictive maintenance, three-dimensional printing, and smart sensors in production processes. The report contends that the use of industry 4.0 technologies in manufacturing can increase productivity and reduce the environmental impact of industrialization and may create rather than replace jobs. However, it may not shift the manufacturing wage advantage from emerging to industrialized economies. However, the report notes that most firms in developing countries, including those in Africa, are not ready to use such technologies. As such, to benefit from industry 4 technologies, most developing countries need to further industrialize. This will require a balanced approach that includes building a robust and diversified industrial base while disseminating industry 4.0 technologies in manufacturing. It will also require forging and strengthening partnerships and international collaboration to facilitate economic diversification and technology dissemination and adoption by manufacturing firms in developing countries.

Reducing inequalities

UNCTAD published a policy research paper on “Understanding the drivers of income inequality within and across countries: Some new evidence” in January 2023. The paper provides new evidence on the drivers of income inequalities in vulnerable developing countries such as in Africa, the LDCs and the landlocked developing countries (LLDCs). The paper found that multiple factors contribute to income inequality but that there are significant differences in the key drivers globally and in Africa, LDCs and LLDCs. In this regard, the paper underscored the need for policymakers to account for country-heterogeneity in the design of policies to combat inequality. A second paper entitled “Wealth Distribution, Income Inequality and Financial Inclusion: A Panel Data Analysis,” was also published in 2023. The paper found that lagged wealth and savings rates increase wealth inequality globally as well as in developed and developing countries. It also found some evidence that income inequality and return on deposits increase wealth inequality in developing countries. These policy-research papers contribute to creating a better understanding of the drivers of inequality in vulnerable developing countries as well as policies to combat them.

Combatting food insecurity

UNCTAD published a paper entitled “A double burden: the effects of food price increases and currency depreciations on food import bills.” The paper examines the effects of high global prices of wheat and appreciation of the US dollar, against other currencies, on the import bills of selected developing countries. The historically high prices of food coupled with the appreciation of the US dollar has led to a large spike in domestic food prices in net food-importing developing countries with dire consequences for food security and poverty alleviation. The findings of the paper provide useful insights into the implications of food price volatility on the attainment of the first sustainable development goal on ending poverty in all its forms and dimensions everywhere.

Addressing climate change

UNCTAD is currently implementing a Development Account project entitled “*Mobilizing external financial resources beyond COVID-19 for greener, more equal and sustainable development in selected vulnerable SIDS in Africa and Latin America and the Caribbean.*” This project focusses on Small Island Developing States (SIDS) in Africa and Latin America and the Caribbean, which are two regions especially hit by the Covid-19 pandemic. The beneficiary countries are Belize, Cabo Verde, Comoros and Saint Vincent and the Grenadines. The objective of this project is to strengthen the national capacities of the four beneficiary SIDS to mobilize affordable external financial resources for greener, more equal, and sustainable development.